

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 7, 1996

SUBJECT: **HB 2217 - SB 2473**

This bill, if enacted, creates the *State Sovereignty Act of 1996* which provides that any federal taxes paid by Tennessee citizens will be remitted to the Department of Revenue for deposit, and paid to the Internal Revenue Service at the end of each month. If the General Assembly deems federal sanctions unconstitutional, the federal taxes due will be kept in the state to be used for programs affected by the sanctions.

The fiscal impact from enactment of this bill is estimated to be an increase in state revenues exceeding \$1,000,000 from interest earnings. This estimate is based on FICA, income tax, liquor and alcohol tax, and excise tax collections, among other federal taxes levied. This estimate does not consider any loss of federal funds as the result of failing to comply with federal regulations.

The fiscal impact from enactment of this bill is also estimated to be an increase in state expenditures exceeding \$1,000,000 for additional staff and for collection, accounting, investment and disbursement of such funds.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director